



November 2, 2007

We are pleased to inform you about a significant enhancement to the administration of your employee Flexible Spending Accounts (FSA). After an extensive review process, we have decided to replace the current SmartFlex debit card with the Evolution Benefits "Benny™" card. ***This change will be effective at the renewal of your FSA plan year, January 1, 2008.***

There are several key reasons for our decision to switch cards:

**Reducing the amount of paperwork for you!** Evolution Benefits (Benny™ Debit Card) is the industry leader in innovative payment services while maintaining a strong focus on IRS compliance. Using their auto-substantiation techniques to verify the eligibility of an expense can mean significantly fewer receipt requests. *On average, the Benny™ Debit Card has been able to auto-substantiate 8 out of 10 card transactions for employees using the Benny™ Card. This means fewer claims that you will have to submit for substantiation.*

The Benny™ Debit Card has the ability to accomplish this high level of auto substantiation by using a direct data link with a number of pharmacy benefit managers (PBMs) on a real-time and retrospective basis. This could result in a 100% auto substantiation of prescription medications.

The Benny™ Debit Card has taken a leadership role in working with discount stores and supermarkets, such as Wal-Mart and Sam's Club, as well as drugstores like Walgreens, to introduce the new IRS-sanctioned system that electronically separate FSA-eligible from non-eligible items at the checkout, and ensure that only FSA-eligible items are purchased on the card.

This IRS-sanctioned system is called an Inventory Information Approval System (IIAS). An IRS ruling that becomes effective on January 1, 2008, specifies that prepaid benefits cards can be used in discount stores and supermarkets that can identify FSA-eligible items at checkout and ensure that only those items are purchased on the card. This means that you can use your card at participating stores that offer this feature for the total FSA-eligible amount and NO receipts will be needed to verify the eligibility of the purchase! Of course, you can still use your card at pharmacies and other health care providers that you have been using up to now. Please be aware, if a non-health care or pharmacy merchant does not have an approved IIAS system in place, the card may decline at that store.

Beginning January 1, 2008, many discount stores and supermarkets will be participating in the IIAS program. Attached is a recent listing of merchants who will have approved IIAS systems in place on January 1, 2008. This list will also be posted on MedBen's website for you to reference or you may call us to find out if a store is participating. This list will be updated periodically as stores begin to implement this program.

**Reduce Card "Down-Time"** – The Benny™ Debit Card system has experienced minimal service interruptions over the past few years.

#### **What are the administrative differences of the new Card?**

- You will receive two new VISA branded cards (at no additional charge) in the mail instead of the currently offered one card; so another eligible user can use the additional card.
- As the participant you will have to call or go online to activate the card when you receive it. Only one card needs to be activated for both to work. Instructions for card activation will be provided with the card.

We are confident that you will enjoy the benefits of our new card program. MedBen's Specialty Services Unit is looking forward to working with you for the upcoming 2008 FSA plan year. If you have any questions, please feel free to contact our Customer Service Department at 800-297-1829.